

MTAC Workgroup 114
Service Standards and Measurement for Market-Dominant Products
Full Workgroup
June 13, 2007 Meeting Minutes

Subgroup Updates

The four subgroups provided updates on their progress since the last report.

First-Class Mail Subgroup. Jeff Lewis, full workgroup USPS co-chair, gave an update on the progress of the First-Class Mail (FCM) subgroup in the absences of the co-chairs for that subgroup. He noted that the FCM subgroup has been assigned six Special Services for which it will be developing service standard recommendations: Money Orders, Business Reply Mail, Certificate of Mailing, Certified Mail, Registered Mail, and Post Office Box/Caller Service. The subgroup met yesterday and is working on assigning participants to draft recommendations for each of these Special Services, which the subgroup then will review and discuss. Some Special Services were not yet assigned, but the subgroup is seeking volunteers.

Mr. Lewis gave an update the subgroup's discussions relative to whether a consumer/small business survey should be completed as part of this process in order to better identify the service expectations and concerns of those constituencies. It is the Postal Service's position that past research it has done on customer perceptions of the existing service standards is still relevant, and that another survey does not need to be done. Unless there are objections, the USPS does plan to conduct outreach to retail users and small businesses, but not as part of this workgroup effort, he noted.

The USPS yesterday provided the FCM subgroup with its proposal for handling forwarded/returned FCM in terms of service standards/expectations, Mr. Lewis noted. The group discussed the proposal and the USPS will be making some revisions prior to the next subgroup meeting when further review will take place.

The FCM subgroup, as other subgroups, continues to discuss how to handle service standards for locations outside the contiguous United States. Mr. Lewis noted that there are some concerns on the FCM subgroup that if the standard is increased for some of these locations, even by a day, it will result in service taking even longer than it does today. He suggested that the subgroup could include in its recommendations its concerns that more quantifiable data on existing service for these locations is needed, then another review should be made. The subgroup agreed to wait to see what data the USPS is able to provide as part of its Standards Review process, for which preliminary results are expected in mid-July.

Mr. Lewis reported that the FCM subgroup is beginning to write up tentative recommendations for service standards, which largely reflect maintaining the 3-digit ZIP code pair overnight, 2-day, and 3-day standards for FCM that exist today, with some potential footnotes/modifications still being explored. The subgroup still is reviewing proposed recommendations around bringing more USPS focus to the "tail of the mail" in terms of its performance standards.

The FCM subgroup discussed service performance measurement at its last meeting, including issues of the granularity of the data and possible trade-offs between data that can be obtained through a passive Intelligent Mail-based system which may come to fruition for letter mail in the next year or so, and data that would be available through an external measurement system (likely to be less data). He suggested that there may need to be a separation of measurement data needed for USPS accountability for performance versus data that is useful/desired by commercial mailers. The

subgroup began very preliminary discussions on that concept at its meeting yesterday, but did not make much progress, he noted.

Periodicals Subgroup. Mr. Lewis also provided an update on the progress of the Periodicals subgroup, in the absence of both co-chairs. A copy of the Periodicals subgroup update presentation has been posted on the workgroup web site.

The Periodicals subgroup at its last meeting (June 5 telecon), continued to review and discuss its draft recommendations on service standards (a copy of which has been posted on the workgroup web site). The subgroup is recommending that the existing Periodicals service standards (as represented on the USPS' Service Standards software) is a good starting point to begin service performance measurement, and that the existing standards would serve the Periodicals industry well if they are predominantly met by the USPS in terms of its service performance.

One issue the subgroup continues to discuss is the importance of Critical Entry Times (CETs) to Periodicals mailers and how changes in CETs could negatively impact Periodicals and essentially result in a change in service standards. While the subgroup has been discussing potential CET changes that could come from deployment of the Flats Sequencing System (FSS), it also has made clear that CET changes for any reason can be equally problematic. The USPS is exploring better standardization and management of CETs on a national level, but the group does not yet know what the outcome of that effort will be. It is hoped that the USPS will be able to update the group on the likely direction that initiative will take prior to the conclusion of this workgroup. Regardless, the Periodicals subgroup will include in its recommendations its concerns around CETs.

The Periodicals subgroup also is discussing issues around service for the non-contiguous U.S. locations, Mr. Lewis reported. The group feels that the existing USPS service standards may not be aligned with its existing network capabilities for these locations because Red Tag and other industry service performance data shows that the USPS consistently does not meet the existing service standards for many of these areas. The Periodicals subgroup, as with the FCM subgroup, is waiting for the USPS to provide additional data, either through its Standards Review, or a separate effort, so that the issue of service standards for the non-contiguous U.S. can be further evaluated as part of this workgroup process.

The Periodicals subgroup has continued discussions on service performance measurement. Subgroup participant Todd Black, Time, Inc., is drafting some recommendations around measurement for the subgroup to discuss and review at its next meeting. The subgroup discussed proxies for delivery (stop the clock) and encouraged the USPS to conduct tests to validate the confidence of using secondary processing scans on flat sorting equipment as a delivery proxy for flats.

The USPS and Red Tag are conducting a pilot of the Red Tag service performance measurement system. Mr. Lewis noted that the concept of using the Red Tag system as an interim service performance measurement system (until such time as an Intelligent Mail-based solution becomes more viable for Periodicals) has been broached with USPS senior management and the Postal Regulatory Commission (PRC), but it is uncertain where those discussions will lead. He noted that the Red Tag system is not designed to be statistically representative of the Periodicals mailstream, however, it provides a good indicator of service performance and the differences may not be significant. Mr. Lewis noted that another issue with the Red Tag system could be where reporters are located and how statistically-based that process is. There also is service performance measurement data available from publishers such as Time, he noted.

The Red Tag pilot test began June 4 and runs until July 13. The purpose of the current Red Tag pilot, Mr. Lewis noted, is to validate the “start the clock” dates entered by publishers (based on information from their trucking/logistics providers) in the Red Tag system with the USPS’ mail entry date. Data from the first week of the pilot test indicated no variance between the appointment dates and actual arrival dates.

The Periodicals subgroup will be meeting again on June 25 and July 13, Mr. Lewis reported, with telecons on the Red Tag pilot occurring in between subgroup meetings.

Standard Mail Subgroup. Tom Foti (subgroup USPS co-chair) gave an update on the progress of the Standard Mail subgroup. He noted that the Standard Mail subgroup held its most recent meeting yesterday.

The Standard Mail subgroup is close to finalizing tentative recommendations on service standards, Mr. Foti reported. Subgroup participants are working on write-ups for various pieces of the recommendations, some of which were reviewed yesterday. Mr. Foti reviewed the service standards recommendations currently being finalized by the subgroup. For origin-entered Standard Mail, the existing service standards (based on the USPS’ Service Standards software) would continue, although the subgroup is discussing what the range of days would be with the standards for origin-entered mail. For drop-ship entered Standard Mail, a matrix that recognizes the drop ship entry facility type and presort (carrier route vs. non-carrier route) is proposed, with a range of days.

For both origin and drop ship entered Standard Mail, the subgroup has agreed that an additional one day should be added to the maximum number of days in the delivery range for the service standard (except for DDU drop shipped mail) during the fall mailing season (defined as September through December). The USPS service standards software would need to recognize this recommendation as well.

The subgroup discussed situations where the mail entry is re-directed by the Postal Service, and is proposing a footnote to clarify that the “drop ship facility” on the service standards matrix would refer to the facility type where the mail should be entered according to the postage rate claimed, regardless of any USPS re-direction.

The Standard Mail subgroup also is discussing the issue of service standards for non-contiguous U.S. locations, Mr. Foti noted, and is recommending that a footnote be included on the service standards matrix that the USPS Service Standards software should be used to calculate service standards for non-contiguous U.S. locations.

Mr. Foti reported that the subgroup will be updating and finalizing its draft recommendations on service standards at its next meeting. The subgroup also had a lengthy discussion at its meeting yesterday on service performance measurement. He noted that nothing was resolved, but there was considerable discussion about measurement and Start the Clock issues. The subgroup agrees that Intelligent Mail is the preferred measurement solution, but there are concerns about timing, adoption curves (short and long term), industry participation to get sufficient mailstream representation, etc. Some Standard Mail mailers are preparing to begin testing the Seamless Acceptance concept and using Intelligent Mail Barcodes.

At its next meeting on July 10, the Standard Mail subgroup will focus on potential near-term service performance measurement solutions.

Package Services Subgroup. Mr. Lewis also gave an update on the progress of the Package Services subgroup, in the absence of both co-chairs. He reported that as a result of Pete Grottini leaving his position at Bookspan, he was

unable to continue as Packages subgroup industry co-chair. Tom Underkoffler, Medco Health Solutions, has stepped in to the role of industry co-chair. The subgroup has held one telecon since the last Full Workgroup meeting, Mr. Lewis reported, and has another telecon scheduled for June 15.

The Packages Subgroup at its last telecon meeting reviewed a draft proposal for service standards, which is similar to the existing standards for Standard Mail, but would mean a change to the existing standards for other Package Services. The proposal is a hybrid between the existing standards for Standard Mail Parcels and those for other Package Services, Mr. Lewis reported. Under the proposal, all Package Services (including Standard Mail Parcels, Bound Printed Matter parcels, Media Mail parcels, Library Mail parcels, and Parcel Post) would have the same service standards.

The subgroup reviewed a proposed service standards matrix for drop-ship entered Package Services, similar in concept to that being considered by the Standard Mail subgroup. The proposed service standard for DDU-entered Package Services is 1 day, for DSCF entry 2 days and for DBMC entry 3 days. For origin-entered Package Services, the proposed service standards are Zone+2 days. The Postal Service currently is reviewing the Package Services subgroup's service standards proposals.

The Package Services subgroup also is reviewing proposed service standards for several Special Services, Mr. Lewis reported, including Bulk Parcel Return Service (BPRS), Merchandise Return Service (MRS), and Delivery Confirmation/Signature Confirmation service. Subgroup participants are drafting and revising recommendations based on subgroup discussions.

Mr. Lewis re-capped the subgroup's earlier efforts to review USPS and industry service performance data to see how well today's service standards align with existing service performance. There have been challenges in obtaining data for review, he noted, largely because of Start the Clock issues or inconsistent definitions. The consensus of the subgroup is that destination entry parcels are achieving service performance close to the existing standards, but service performance of origin-entered parcels is not good and probably parallels with service being seen by origin-entered Standard Mail and Periodicals. The subgroup has dropped its approach of trying to review existing service performance data in lieu of assessing the existing standards from a business needs perspective, then conducting further review in the future when measurement data becomes available.

The Package Services subgroup will attempt to conduct a final review and discussion of its service standards proposals at its next meeting and begin drafting recommendations for review.

USPS Service Standards Software Recommendations

Although not on the meeting agenda, Kathy Siviter, PostCom, full workgroup industry co-chair, asked the group to spend some time brainstorming suggested improvements of the USPS Service Standards software. The issue of needing to better communicate the existence and availability of the software, as well as enhance its functionality, have come up in subgroup meetings, she noted, and the workgroup should include these recommendations. The workgroup spent some time discussing the existing software and recommendations, with the following highlights.

- ***Availability of Information.*** The group recommended that the Service Standards software be available as a web-based tool where all mailers/consumers could look up service standards by product by 3-digit ZIP code pairs. In addition, the software should continue to be available on a CD

subscription basis from the USPS, but that option should be better communicated since very few mailers today were aware that the software exists. The group also recommended that the USPS continue to make available on the CD, as well as a web-site option, a flat data file with all the 3-digit ZIP code pair service standards by product, so that mailers could utilize that file in their own software development or mail management programs. It was further recommended that the USPS provide better instruction as to the availability of the flat file and how to use it (currently if you don't know where to look, it is not obvious that it is included on the CD).

- ***Communication of Changes.*** The group agreed that the USPS should clearly communicate which 3-digit ZIP code pair service standards have changed since the last time the software was updated (quarterly), both in hardcopy list format (with the CD subscription and also available to print out from a web site) and in the software functionality. Some mailers also were interested in having a history of changes available. The group recommended that the web site software tool be updated as changes are made, not just on a quarterly basis like the CD version.
- ***Improved Functionality.*** The group agreed that the software or web-based tool should be easy to use and understand. In addition to the existing map functionality, it was recommended that the user to be able to enter a pair of 3-digit (or 5-digit) ZIP codes and have the software return the service standard by product. The map functionality is important because it shows geographic boundaries for service standards, but is difficult to use when trying to determine service standards for a specific pair of ZIPs. The group also asked for functionality that would allow the user to analyze and compare mail entry alternatives in terms of service standards. For instance, the ability to identify all the ZIPs where mail could be entered to achieve overnight FCM service to a particular destination.
- ***CET Data.*** The group strongly recommended that Critical Entry Time (CET) data also be available through the software/web tool. In order to determine service expectations, the user would need to know when mail needs to be entered (CET) in order to achieve the service standard. CETs also will need to be tied to "start the clock" data for service performance measurement.

Special Services Update

Mr. Lewis provided a brief update on the status of the Special Services standards recommendations that the workgroup is developing. The workgroup had reviewed a complete list of USPS Special Services at a prior meeting, and identified which it felt should be reviewed by the MTAC workgroup for purposes of making service standards recommendations. Mr. Lewis reviewed the list of Special Services and which subgroup each has been assigned to (a copy of the presentation is available on the workgroup web site).

Mr. Lewis clarified that "service standards" for Special Services do not refer to the delivery service standards for those mailpieces (which would be the same as any piece within that product group), but rather for the Special Service itself. For instance, service standards for the Confirm service would include standards around the timeliness, accuracy, accessibility, etc. of Confirm data – NOT the length of time that pieces using Confirm take to get delivered.

Mr. Lewis reviewed the status of the Special Services, as follows (status updated since the June 13 meeting report).

- **Address Correction Service.** Separate subgroup to be formed; initial telecon to be scheduled
- **Post Office Box/Caller Service.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting. Mr. Lewis noted that issues with P.O. Box services likely surround box up-times and reporting, whereas Caller Service issues may be more complicated because they deal more with availability of mail for pick-up, etc.
- **Business Reply Mail.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting. Mr. Lewis noted that the remittance industry will be working on Courtesy Reply Mail aspects of service standards, with BRM users looking at service standards issues that largely may pertain to the accounting functions (which often negatively impact delivery).
- **Certified Mail.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting. Mr. Lewis suggested that service standards may relate to closing the loop for signature, losses and procedures around that.
- **Registered Mail.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting. Mr. Lewis suggested that service standards may relate to closing the loop for signature, losses and procedures around that.
- **Certificate of Mailing.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting. Mr. Lewis said the FCM subgroup was unsure of what might be included in these service standards and whether there are activities beyond the retail purchase/window transaction and customer documentation.
- **Delivery Confirmation/Signature Confirmation.** Assigned to Packages Subgroup; Draft recs have been submitted and are being reviewed. Steve Lopez, Experian, suggested that the USPS has issues with contract office retail units not having the ability to scan Delivery Confirmation barcodes to generate a Start the Clock for those items. He reported that calls are made to the USPS NCSC long before the scans show up in the DelCon system, largely because these contract units don't have the ability to scan.
- **Money Orders.** Assigned to FCM Subgroup; draft recs being formed for discussion at July 10 meeting
- **Confirm.** Separate Subgroup; Initial telecon held June 7; draft recs discussed; 2nd telecon to be held July 5
- **Merchandise Return Service/Bulk Parcel Return Service.** Assigned to Packages Subgroup; MRS draft recs formed, being reviewed by subgroup; BPRS draft recs to be reviewed at next subgroup meeting

It is hoped that service standards recommendations can be finalized by the July 11 full workgroup meeting, Mr. Lewis reported, but volunteers are needed to write up some of the recommendations, then the appropriate subgroup review must occur.

Market-Dominant Product Mailstream Characteristics

Ms. Siviter gave a brief presentation on her attempts to begin to quantify the mailstreams within each market-dominant product category. A copy of the presentation is available on the workgroup web site. The data contained in this preliminary effort, she noted, comes from the USPS official Revenue, Pieces and Weights (RPW) data for FY 2006, as provided by the USPS.

Ms. Siviter noted that she has been working with various USPS managers to attempt to distinguish, within each product mailstream category, the percentage of mail that is machine-processed versus that which is manually processed. She said that she feels this is important data because it will help determine the relative size of mailstreams for which Intelligent Mail does not provide a viable service performance measurement solution because that mail is not processed by machine. Ms. Siviter noted the following highlights from the RPW data in terms of product mailstreams:

- ***First-Class Mail.*** The FCM mailstream is 94.9% letters/cards; 4.5% flats; and 0.5% parcels. Ms. Siviter noted that FCM may have the simplest mailstream for analysis purposes but perhaps the most challenging because it is difficult to determine the percent of single piece FCM (which is about 45% of FCM volume) that is machinable vs. manually processed.
- ***Periodicals.*** The Periodicals mailstream is 98.4% flats; 1.6% letters; and 0.018% parcels. Looking at entry of Periodicals, 3.9% are DDU-entered (3.8% of that flats). Ms. Siviter noted that 51% of Periodicals are carrier-route presorted (50.8% flats).
- ***Standard Mail.*** The Standard Mail mailstream is 60.5% letters; 38.9% flats; and 0.56% parcels. In terms of entry, 24.6% of Standard Mail is origin-entered (18.6% of total Periodicals volume is origin-entered letters and 5.73% is flats); and 75.3% is drop-ship entered (41.8% of total Periodicals volume is drop-ship entered letters and 33.2% flats). About 9.3% of total Periodicals volume is DDU-entered (1.4% letters and 7.8% flats). About 34.8% of total Periodicals volume is carrier-route presorted, Ms. Siviter reported (25.5% flats, 9.3% letters, and 0.02% parcels).

Ms. Siviter also re-capped the USPS' RPW statistics for other flats (Bound Printed Matter, Library Mail and Media Mail) for which the group is considering the same service standards as Standard Mail – of that other flats volume about 27.4% is origin-entered and 72.6% is drop ship entered, which closely replicates other Standard Mail volumes.

- ***Package Services.*** The Package Services mailstream (including Standard Mail parcels) is 76.7% origin-entered and 23.2% drop ship entered. Of all Package Services volume (including Standard Mail parcels) about 7.1% is DDU-entered, Ms. Siviter noted.

Ms. Siviter asked that any workgroup participants who can help further quantify the portion of any of these mailstreams that is processed by the USPS manually should contact her directly. She said she will continue this analysis to the extent that the USPS or others can provide data.

Mr. Lewis commented that very small volume mailstreams where Intelligent Mail does not provide a viable service performance measurement are those that the USPS is more likely to contract out to external measurement because it would be difficult to achieve representative sample sizes or statistical precision. He encouraged the group to think about how it might frame recommendations for small mailstreams within each product.

Intelligent Mail Readiness Update

Tim Gribben, USPS Intelligent Mail, gave an update on the USPS' Intelligent Mail readiness. Ms. Siviter noted that the co-chairs had asked Mr. Gribben to walk through his prior presentation with more depth and discussion with the group.

Mr. Gribben reviewed the Intelligent Mail time line slide that he has presented in the past, with some updates. He noted that USPS engineering currently is conducting an internal test relative to the Intelligent Mail Barcode (IMB) specifications for flats, and an update will be given on the MTAC workgroup 113 telecon tomorrow. Testing is scheduled to begin with the IDEAlliance the last week of June, he noted, with one slight change to the proposed testing specifications in that Domino Amjet will produce its own images at production speed to be used in the test.

Mr. Gribben reported that the Intelligent Mail Tray Label will be available to mailers this summer on a pre-qualification basis. It will not be available at every postal plant, but the USPS will know which plants it is available to. The IM tray label is being used in the current Seamless Acceptance testing, he noted, and the USPS plans to make it available to all mailers at the beginning of calendar year 2008.

Mr. Gribben then broke out his presentation by shape, noting that there also have to be discussions that break out the entry point type because there are different solutions envisioned depending on the product entry point and shape. Highlights of the remaining presentation are as follows.

Automation Letters

- **Start the Clock.** The USPS envisions obtaining the Start the Clock (STC) for automation letters at induction as part of the Seamless Acceptance process. But what about mailers not participating in that process? What is the adoption curve for Seamless Acceptance? Will there be enough volume in Seamless Acceptance to represent the appropriate mailstream – and by what time line?

Mr. Gribben noted that the USPS feels it will have sufficient volume in Seamless Acceptance by FY 2008 for service performance measurement for the majority of performance clusters for First-Class Mail automation letters. When asked how much volume the USPS considers sufficient volume, he said he thought the number was 8-14 billion pieces annually. The USPS currently is getting about 8 million letters per week with IMBs, he reported, but not all will be part of Seamless Acceptance. The IMB provides the first equipment scan, but not a valid Start the Clock data point. Seamless Acceptance is the only thing the USPS currently envisions that will provide an accurate STC by validating the accuracy of the mailer manifest. Often it is found that pieces included in the manifest data are not tendered in the mailing – if the manifest alone were used for the STC, those pieces would not have a correct STC, he noted. Seamless also validates the presort accuracy so that pieces that are prepared in the wrong tray/container are not included in service performance measurement because they require additional handling by the USPS.

The USPS is not sure of the time frame for Standard Mail letters, he noted. The USPS is just beginning a pilot of Seamless Acceptance for Standard Mail letters and flats, so more information will be known after that is further underway.

Mr. Gribben also noted that the full deployment of Surface Visibility scanners could change the time lines. He said the USPS currently is in the process of preparing its DAR to support the purchase of the extra scanners needed for full deployment of Surface Visibility.

The group agreed that a presentation from the USPS with time lines and forecasted volumes for Seamless Acceptance should be provided to the workgroup.

- **Barriers to Seamless Acceptance.** Ms. Siviter asked the industry participants to discuss the perceived barriers to participating in Seamless Acceptance. Charley Howard, Harte Hanks, said that although his company plans to participate in the pilot tests, they are concerned about the risks of postage assessment.

Today, the USPS verifies mail through MERLIN prior to acceptance and the mailer has the opportunity to fix problems to avoid postage adjustments prior to the mailing being processed. Under Seamless Acceptance, the mailer no longer will have the option to fix errors, thus incurring the risk of postage assessments. He noted that Harte Hanks plans to invest in online systems to scan all its barcodes when they are applied to ensure barcode quality and reduce risks, but there is a cost to doing so that many mailers will not be willing to bear.

Mr. Howard suggested that the USPS could provide an incentive to the mail owner by not assessing the postage for the mailing until it is accepted at the destination facility. If the postage is not assessed until the container scan, he suggested, there would be huge incentive for mailers to participate in Seamless Acceptance. A fringe benefit would be that it then automatically becomes a fiduciary responsibility for the post office to scan the containers and an incentive to improving scan rates at the dock (which generate Start the Clock data in many cases).

Another barrier noted is the adoption of Mail.dat and PostalOne by mid-size mailers that are not currently using those systems. Mailers must electronically transmit data in order to participate in Seamless Acceptance. A suggestion was that the USPS could obtain STC from IM barcodes on containers and pieces even if the mailer does not participate in Seamless Acceptance.

Mr. Howard further noted that depending on the software vendor being used by the mailer, there can be another barrier in that not all are supporting the Mail.dat processes required for Seamless Acceptance (he noted Group1 software currently does not support the required processes). His company is using the ADIS file instead, to get around this issue, but he suggested that not every mailer would be able to figure out this issue. Printers and software vendors need to support the requirements for Seamless Acceptance and using IMBs, he stressed.

Wanda Senne, World Marketing, said similar barriers exist for mail service providers and lettershops. She suggested that the round stamp date on postage statements could act as a valid Start the Clock until enough mailers participate in Seamless Acceptance. Another barrier she noted is the amount of resources needed to participate in initiatives like Seamless Acceptance and IMBs, which includes operations resources, software developers, programmers, etc. Her company just hired 6 more people, she noted, just to write systems to talk to the USPS' systems. Many mailers don't have vast amounts of money to spend on these initiatives. Other barriers she noted included how to handle shortages, and the lack of palletization rules for First-Class Mail to get barcodes.

Angelo Anagnostopoulos, GrayHair Software, reported that his company is informally polling its customers about barriers to using IMBs and Seamless Acceptance, and responses include the issue of resources/cost of keeping data, transmitting data (servers, data storage, etc.), and that unless there is some incentive many mailers are unlikely to make those investments. Mr. Gribben asked whether mailers need to keep piece-level data beyond the mailing manifest, and Mr. Anagnostopoulos

responded that under the current Seamless Acceptance concept, the USPS would do postage assessments every 30 days, so participants would need to maintain piece-level data at least that long, plus an appropriate adjudication period.

Mr. Lewis noted that the USPS is assuming that the First-Class Mail and Standard Mail letter volume that would be included in Seamless Acceptance would be representative of those bulk-entered mailstreams, and asked the group if that is a safe assumption. There was no disagreement with that premise from the group.

- **Stop the Clock.** Mr. Gribben said that for automation letters, the USPS envisions using the delivery point sequencing equipment scan as a proxy for delivery (Stop the Clock). There also could be scans of IM tray barcodes for letters that are not delivery-point sequenced on automated equipment, he noted, or for mail that is destined to non-automation facilities.

Ms. Siviter reiterated the point made at earlier meetings that the USPS has validated that when mail is delivery point sequenced prior to 10:00, delivery is made that day for 98% of the mail (per EXFC and Confirm testing conducted by the USPS), so the dps scan is an acceptable delivery proxy for industry. Steve Lopez, Experian, suggested that it may not be a good delivery proxy for wholesale/retail lock box mail.

Mr. Anagnostopoulos suggested that in some cases an additional StopClock scan may not be needed, if the last dps scan or last ops scan would suffice. Ms. Siviter suggested that the USPS could do additional studies to see what confidence level such op codes have in terms of acting as a delivery proxy. Mr. Sexton noted that some of those are being looked at in the Seamless Acceptance pilots going on now. Mr. Sexton noted a concern with continuous mailer situations in terms of using the IM tray scan as Start the Clock because the trays would need to be scanned prior to the appropriate CET.

John Sexton, PSI Group, suggested that in addition to the delivery point sequence scans, the USPS could make some correlations around upstream scans (op codes 893, 896 for non-automation offices), which could be as good as the dps scan. He said that Confirm data suggests that is the case, and that the USPS could identify those 5-digit locations where there would be no dps scan and use an 893 scan, etc. for a delivery proxy which could reduce costs of scanning IM tray labels.

Automation Flats

Mr. Gribben noted that similar issues on Start the Clock and Seamless Acceptance exist for flats. He noted that interim scans for flats would include those from the Small Parcel and Bundle Sorter (SPBS) and Automated Package Processing System (APPS) for bundles, as well as piece scans on flat sorting equipment.

The Stop the Clock issues differ for flats, he noted. The USPS' proposal is that one Stop the Clock scan could be the incoming secondary flat sorting machine for First-Class Mail and Periodicals. That would not work for Standard Mail, he noted, because it can be deferred, so for Standard Mail the USPS proposes scans when the carrier cases that mail. Bundles and flat tubs scanned at casing could act as a proxy for delivery. When the Flats Sequencing System (FSS) equipment is deployed, he noted, delivery point sequence scans would be provided for those flats that can serve as a proxy for delivery.

Mr. Gribben noted that the USPS will evaluate a few different bundle scanning proposals, any of which would require a change in processing procedures because the USPS currently does not scan bundles. One proposal is that the clerk could scan the bundle/tray when the mail is distributed to the carrier. Another proposal is that the bundle/tray would be scanned when the mail is cased, then the time of the scan could determine whether delivery would be that day (cased in the morning) or the next day (cased in the afternoon).

Ms. Senne noted that her company participated in a bundle scanning test years ago and one issue was the amount of bundles of carrier-route mail. She asked what the costs would be of scanning all those bundles. Mr. Gribben responded that there could be a sampling of bundles scanned, versus all bundles, in order to reduce the costs. A statistical methodology could be used to determine how many and which bundles should be scanned. One carrier could be designated to do all scanning for the day, or it could be done by different employees – there are many different possibilities, he noted.

Ms. Siviter asked what the USPS' time line is for pilot testing bundle scanning and evaluating the various options, and Mr. Gribben responded that to do so requires mailers putting Intelligent Mail Barcodes on flats. Mr. Howard noted that his company will be doing so and the USPS will be testing some bundle scanning during that effort.

Parcels – Automation or Retail

- **Start the Clock.** Mr. Gribben noted that right now the Start the Clock would be generated by the eVS manifest. Parcels include two different streams, he noted, in terms of induction – retail and commercial mail. For retail, the USPS' POS sites could perform an acceptance scan at the time of purchase at the retail window. For non-POS sites, the USPS currently is circulating a DAR to upgrade those systems so they would be POS sites as well.

For commercial parcels, the USPS is evaluating how to get the Start the Clock and reconcile the actual mail tendered with the mailer manifest. One idea is to employ the "scan 5" concept used with Parcel Select where 5 parcels are scanned of those tendered to the USPS, and used as a proxy for the Start the Clock for all parcels in that manifest. The USPS is considering extending that concept to other types of parcels, using a number that would be statistically valid to obtain a proxy for Start the Clock.

- **Stop the Clock.** For parcels that use special services, such as Delivery Confirmation, Signature Confirmation, perhaps Insurance, the USPS can obtain Stop the Clock scans at delivery using handheld scanners. Mr. Gribben said the USPS is in the process of quantifying the volume of parcels that use these services today and could be included in service performance measurement. The USPS knows the percent of parcels that are barcoded, but that does not mean they use a special service that requires a delivery scan.

Mr. Gribben noted that one barrier identified for industry is the size of the Delivery Confirmation barcode. Smaller parcels, such as many of those that are mailed Standard Mail, can not fit the barcode on the physical mailpiece in the available space. The USPS is in the process of testing a smaller barcode, but he was not sure of the status.

For parcels (or bundles) processed on SPBS equipment, the USPS is in the process of deploying scanners on those systems to capture Intelligent Mail Barcodes being used. Deployment started last

week, Mr. Gribben reported, and will be completed by the end of this fiscal year. This also will provide interim in-process scans which can be used to pinpoint service issues, he noted. APPS equipment already has been upgraded to read IMBs, he noted.

Mr. Gribben reported that the USPS continues to work with industry on issues around reading barcodes on pallets, with two telecons held to date with a group focused on this issue. USPS engineers will be going to an R. R. Donnelley plant this week for some testing, he noted, and the group is exploring a few different options.

USPS/PRC Consultation Process

Mr. Lewis gave a presentation on the consultation process between the Postal Service and Postal Regulatory Commission (PRC) relative to the development of the service standards and measurement requirements of the Postal Accountability and Enhancement Act (PAEA). He noted that the law provides that the USPS, in consultation with the PRC, develop service standards for market-dominant products by December 20, 2007 (which he noted will include a public comment period through the *Federal Register* process). In addition, the law requires that the USPS determine the parameters for a system of objective external measurement (or PRC-approved internal measurement).

The law further requires that the USPS submit by June 2008, in consultation with the PRC, a plan to Congress that establishes performance goals and describes any changes necessary to meet those goals. The USPS also is required to submit an annual compliance report to the PRC for market dominant products providing measures of quality of service including the level of service, degree of customer satisfaction, and annual aggregate national performance scores for each product. Mr. Lewis noted that part of what this workgroup is discussing is the service measurement reporting beyond the stipulations of the law. He noted that there is a balance between costs, service, customer needs, and the USPS plans to meet requirements that needs to be achieved.

Mr. Lewis reported that the USPS has established five projects, each with a team led by a senior USPS officer, to look at what the USPS needs to do to meet the requirements under the law. The USPS has formed an internal Steering Committee of senior-level executives which is holding bi-weekly meetings. The internal structure is focused on a process that is thorough and follows the requirements of the law. He noted that the USPS is working on bringing ideas together to present in its consultation with the PRC, with input from this MTAC workgroup, ideas within the USPS, and through the consultation process. That is why the co-chairs have been putting an emphasis on documenting service standards recommendations from the subgroups, he noted, so that the USPS and PRC can begin to discuss what customers want in terms of standards.

Mr. Lewis noted that the five projects established at the USPS include Service Standards, Special Services, Measurement Requirements, Intelligent Mail, and Outreach to PRC and customers (MTAC workgroup). The Service Standards group is tasked with re-evaluating the existing product end-to-end (3-digit to 3-digit) service standards using consistent business rules, and incorporating the Standard Mail destination entry guidelines as a new dimension within the standards. The Special Services group is tasked with creating service standards for Special Services and developing the essential requirements for reporting performance.

The Measurement Requirements group is tasked with developing the essential requirements for reporting performance, and determining an accurate estimate of the cost of statistically valid external measurement systems. The Intelligent Mail group is tasked with developing plans and time lines to use the Intelligent Mail platform for accurate service

performance measurement. Mr. Lewis commented that he thinks Intelligent Mail will be able to provide representative data for big chunks of the mailstream, but there may be pieces the USPS needs to measure externally for a long time to come.

The Outreach to PRC and Customers group includes this MTAC workgroup effort, Mr. Lewis reported, as well as outreach efforts being led by the USPS' Consumer Advocate with small business and retail customers, and other efforts through PRC briefings.

Mr. Lewis stressed that the USPS is striving for a transparent and open process, and that the USPS and PRC are working through the process as we move forward. He reported that the USPS and PRC last month began its consultation process for service standards and measurement. Topics for discussions to be held include understanding the requirements of the new law, what the USPS is doing to try and meet those requirements, the ground rules for the consultative process (meetings, papers, hearings, etc.), understanding the current service standards and what needs revision (with both USPS and industry feedback being considered by the PRC), the measurement process, and reporting.

Mr. Lewis commented that the measurement process can be complicated in terms of understanding Start the Clock issues and other measurement challenges, and it is helpful that the PRC is participating in this workgroup to better understand those issues. He noted that in terms of service performance reporting, from the USPS' perspective there are reporting issues between the USPS and the PRC versus reporting issues between the USPS and customers. There is a line between data needed for accountability/oversight and what is helpful to industry to make mail more effective and grow revenue, he suggested.

The USPS and PRC have set up monthly meetings, which began in May. The second meeting will be held next week, he noted. In addition, the USPS is providing the PRC with briefings on topics such as the current measurement processes, service standards, Seamless Acceptance, Intelligent Mail, etc.

Mr. Lewis discussed the Postal Service's plans to publish a notice in the *Federal Register* for comment on service standards and measurement. Normally the USPS would publish a notice and allow 30 days for comments, then conduct analysis on the comments received, and publish a final notice. If a final notice needs to be published in December, he noted, then working back from that the USPS would need to publish a notice for comment around the early October time frame – which is part of what drives the MTAC workgroup's deadline of concluding its work by mid-September. After that, the USPS will need to review the workgroup's recommendations, make decisions in consultation with the PRC, and then publish the *Federal Register* notice.

This time line is partly why the workgroup co-chairs have started to push the subgroups to complete recommendations on service standards and work toward recommendations for measurement (the latter of which he noted does not go in the *Federal Register*, but with the time lines there is little additional time for discussion on measurement). Mr. Lewis stressed that there are many USPS senior managers looking at the output of this workgroup, and that it's efforts will have an impact.

Action Items

The following action items are noted from today's meeting (**action items still pending from earlier meetings are shown in bold**):

1. **Task Owner: *Jeff Williamson, USPS***
 - a. **Industry asked the USPS if there are any 3-digit ZIP code areas where First-Class Mail could not achieve overnight delivery at the finest distribution level. Mr. Williamson will follow-up with that information when the USPS reports the preliminary data from its Standards Review.**
 - b. **The USPS should come back at the next meeting with data on its current service performance for 3-digit ZIPs outside the contiguous United States, by mail class, such as performance data that shows what percent of the time the USPS achieves the existing standards for those ZIPs. Even data from EXFC results alone would help start a dialog on this issue since if the USPS does not make the standards for First-Class Mail, it likely does not do so for other mail classes either.**
2. **Task Owner: *Tim Gribben, USPS***
 - a. Mr. Gribben will follow-up on what percentage of parcel retail entry sites are not POS-equipped.

Next Meeting

The next meeting of the full workgroup (including all subgroup members) will be held on **Wednesday, July 11, from 10:00 a.m. to 3:00 p.m.** in USPS Headquarters room 1P410, in Washington, DC. Further details will be distributed to participants as they are finalized.

Ms. Siviter noted that the July 11 meeting agenda will include a presentation and discussion with Ross Hinds, Director of Operations and Technology, International Post Corporation (IPC). Mr. Hinds will discuss how other countries/foreign posts have dealt with service standards and measurement issues, as well as technologies used for service performance measurement. In addition, the USPS is expected to provide a presentation on the preliminary results of its Standards Review process.

The full workgroup then is scheduled to meet the week of MTAC, on Tuesday, July 31, from 10:00 a.m. to 3:00 p.m. at USPS Headquarters in 1P410. The last scheduled meeting of the full workgroup will be held on Wednesday, August 29 from 10:00 am to 3:00 pm at USPS headquarters. It is hoped that the August 29 meeting will be focused on reviewing the draft recommendations of the workgroup, including all subgroup recommendations. The final output then will be edited as needed and handed off to the USPS by the mid-September deadline.

An updated list of upcoming meetings for the Full Workgroup and all four Subgroups has been posted on the workgroup web site.